Loss-making State Electricity Boards

1551. SHRI DAVID LEDGER : Will the Minisater of POWER be pleased to state :

(a) the names of State Electricity Boards yielding surplus production and incurring losses ;

(b) the extent of accumulated losses State-wise so far ;

(c) whether Government propose to allow private participation in power generation and distribution in the loss-making SEBs ;

(d) if so, the details thereof ; and

(e) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) The following five State Electricity Boards had achieved higher generation than targeted programme during April to November, 1993 :—

(i) Rajasthan State Electrcity Board ;

(ii) Andhra Pradesh State Electricity Board ;

(iii) Karnataka Electricity Board ;

(iv) Tamil Nadu Electricity Board ; and

(v) Meghalaya Electrcity Board.

Only in the case of Meghalaya State Electricity Board, own-generation was higher than its consumption during the above period.

Name of the above Board had incurred losses, as per their Annual Accounts for the year 1991-92, after reckoning subsidy and Interest During Construction.

(b) The Audited final accounts of most Electricity Boards for the year 1992-93 are still not available. The cumulative profit/ loss as on 31-3-1992, after reckoning subsidy and interest during construction is given in the Statement-I (*See* below).

(c) Government has evolved a policy to encourage private participation in generation as well as distribution of electricity.

(d) Details of the policy to encourage private investment in the power sector are given at statement-II.

(e) Does not arise.

Statement-I

Statement showing the details of cumulative profit/loss of the SEBs as on 31-03-1992 *after reckoning subsidy and Interest During Construction*

(Rs. in crores)

Sr. No.	SEBs	1991-92	Cumulative as on 31-3-1992
1	Andhra Pradesh	84.44	313.642
2	Bihar . .	—113.72	—1003.13
3	Gujarat . .	70.85	25.38
4	Haryana .	—228.15	—944.96
5	Himachal Pradesh	2.73	—111.80
6	Karnataka .	24.30	—157.40
7	Kerala . .	—34.73	—139.51
8	Madhya Pradesh	83.97	471.29
9	Maharashtra .	125.19	351.67
10	Orissa . .	24.74	—60.24
11	Punjab . .	2.72	—309.89
12	Rajasthan .	61.80	—544.47
13	Tamil Nadu .	84.38	407.55
14	Uttar Pradesh	54.00	—394.29
15	West Bedgal .	—92.22	—531.84
16	Assam . .	—174.58	—1131.25
17	Meghalaya .	8.80	—18.75

Statement-II

Details of the Policy to Encourage Greater Private Investments in Power Generation and Districation to Tap Additionality of Resources.

The following are the details of the scheme to encourage greater private sector participation in the electricty gereration, supply and distribution:

—The Indian Electricity Act. 1910 and the Electricity (Supply) Act, 1948 have been amended to bring about a new legal, administrative and financial environment for private enterprises in the Electricity Sector.

—Private Sector can set up thermal projects (Coal/gas) and hydel projects and wind solar energy project of any size.

—Electricity Projects where the total outlay does not exceed Rs. 25 crosres need not be submitted to the Central Electricity Authority for concurrence.

—Private Sector comapnies can set up enterprises to operate either as licensees or as generating companies.

—All private companies entering the Electricity Sector hereafter will be allowed a debt-equity ratio upto 4:1.

—A minimum of 20% of the total outlay should be the equity component.

—Promoter's contribution should be at least 11% of the total outlay.

—Not more than 40% of the total outlay can come from Indian Public Financial Institutions.

—To snsure that private enterpreneus bring in additionality of resources to the sector not less than 60% of the total outlay for the project must come from sources other than Public Financial Institutions.

—Upto hundred percent (100%) foreign equity participation can be permitted for projects set up by foreign private investors.

—The condition of dividend balancing by export earnings which is normally being applied to cases of foreign investment upto 51% equity will not be applicable to foreign investments in the power sector.

—The rates for depreciation in respect of assets have been liberalised.

—With the approval of the Government, import of equipment for power projects will also be permitted in cases where foreign supplier(s) or agenc(ies) extend concessional credit.

—The customs duty for import of power equipment has been reduced to 20 % and this rate has also been extended to machinery required for modernisation and renovation of power plants.

—A five year tax holiday has been allowed in respect of profits and gains of new industrial undertakings set up anywhere in India for either generation or generation and distribution of power. The five year tax holiday will begin from the year of generation of power.

—The excise duty on a large number of capital goods and instruments in the power sector has been reduced to a uniform lower rate of 5%.

For generating companies the following incentives are offered :—

—Normative parameters under which generating companies will operate have been notified which inter alia provide for 16% rate of return on the paid up and subscrbed equity.

—Generating companies operating coal based, gas based and hydro projects can sell power on the basis of a suitably structured two part tariff.

—Government of India may consider extending a counter guarantee for the payment obligations of State Electricity Boards to the private power companies on the specific request of the concerned State Government.

The specific incentives for Licensees are :—

—Licences of longer duration of 30 years in the first instance and subsequent renewal[5] of 2 years instead of 2 and 10 years respectively as it was before.

—Higher rate of return of 5% in place of the previous 2% above the RBI rate.

—Capitalisation of Interest During Construction (IDC) at actual cost (for expansion projects also) as against 1% over RBI rate as it was before.

—Special appropriations to meet debt redemption obligations.

An Investment Promotion Cell has been set up in the Ministry of Power to provide information and assistance to prospective entrepreneurs in the electricity sector and take timely action for time bound clearances of the proposals.

Percentage of Transmission Loss to Production

1552. SHRI SATISH PRADHAN : Will the Minister of POWER be pleased to state :

(a) what is the percentage of transmission loss of power vis-a-vis the generation plant-wise/State-wise ;

(b) what measures Government propose to take in reducing this loss ;

(c) whether it is a fact that the electricity bills are not realised to the power supplied in certain towns due to heavy thefts ; and

(d) if so, what are the names of such towns, State-wise ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) A statement indicating the transmission & distribution losses as a percentage of energy available for supply for various State Electricity Boards/Electricity Departments and the country as a whole from the year 1987-88 to 1991-92 is enclosed at Annexure-I. Plantwise T & D losses are not feasible to collect as power supply distribution may be from different generating stations/plants [*See* Appendix CLXIX, Annexure 41].

(b) Comprehensive guidelines have been issued by CEA to the Power Utilities for reducing T & D losses. These include inter-alia, conducting of energy audit for identifying the system elements responsible for excessive losses, installing capacitors to improve the voltage profile, preparation of system improvement schemes for strengthening & improvement of the systems, installing tamper-proof meter boxes, intensifying surprise raids and launching prosecution against the persons found indulging in theft of energy. The theft of energy has been made a cognizable offence from Aug., 1986 under the provisions of Section 39 of Indian Electricity Act, 1910. An Incestive Scheme was also introduced by the Government of India among the State Electricity Boards, Electricity Departments etc. from the year 1987 for bringing about reduction in the transmission & distribution losses.

(c) In terms of provisions of the Electricity (Supply) Act, 1948, it is the prerogative of the State Electricity Boards/State Govts. to supply electricity to different categories of consumers and realisation of revenue therefor in various towns/cities of the respective States. In order to check the theft of energy, the Indian Electricity Act, 1910 was amended in 1986 making theft of energy cognizable offence. Guidelines have been issued to all State Electricity Boards/Elecy. Deptts. in the regard.

(d) Since the theft of electricity is a universal phenomena in India, no specific name of any city/town in the country can be mentioned in isolation.

Production of Thermal Power Plants

1553. SHRI SATISH PRADHAN : Will the Minister of POWER be pleased to state :

(a) what is the total number of Thermal Power Plants under construction/consideration ;